GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1964
ANSWERED ON:24.08.2007
POST OF INDEPENDENT DIRECTORS IN BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether there is any provision for independent directors in banks;

(b) if so, the bank-wise details thereof;

(c) the norms laid down for nomination of such directors;

(d) the names of banks in which these posts are presently vacant with dates of vacancy;and

(e) the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : The provisions of Section 9(3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/80, inter alia, provide for nomination of three to six part time Non-Official Directors and one Non-official Director under Chartered Accountant (CA) category. In Nationalized Banks with public shareholding, between one to three shareholder directors are to be elected by shareholders depending on the percentage of shares held by the public − one up to 16 per cent, two between 16 and 32 per cent and three beyond 32 per cent of public shareholding. Other than the Director under CA category, the total number of non official directors nominated by Government and elected by shareholders taken together shall not exceed six.

(c) : The criteria/procedure adopted for nomination of part time non official directors on the Boards of Nationalized Banks broadly provide that persons with special academic training or practical experience in the fields of agriculture, rural economy, banking, cooperation, economics business management, human resources, finance, law, marketing, industry and IT will ordinarily be considered. As far as possible representation may also be given to women and the persons belonging to SC/ST community. Effort should be made to ensure representation of all the six zones of the country − North, South, East, West, Central and North-East − on the Boards of Public Sector Banks taken together. An NOD should at least be a graduate. Educational qualifications may be relaxed with the approval of ACC in case of farmers, depositors and artisans. The age of the Director, on the date of recommendation by Appointments Board, should not be less than 40 years and preferably below 60 years. The upper age limit may be relaxed in case of outstanding experts, eminent persons. No person may be re- nominated as a NOD on the Board of a Bank/ FI on which he/she has served as Director in the past under any category for two terms or six years whichever is longer whether continuously or intermittently.

(d) & (e): A statement indicating the vacancy position bank-wise is annexed. However, nominations to fill up these vacancies have been already been finalized and their appointment will be notified after obtaining the approval of the Appointments Committee of the Cabinet.

Statement showing vacancy position of Part-time Non-Official Directors in the Nationalised Banks under category 9(3)(h) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980.

Sl.No.	Name ofBank	Total vacancies of Part-time NoD under category 9(3)(h)
1.	Allahabad Bank	3
2.	Andhra Bank	1
3.	Bank of Baroda	1
4.	Bank of India	2
5.	Bank of Maharashtra	2
6.	Canara Bank	2
7	Corporation Bank	3
8.	Dena Bank	3
9.	Indian Bank	1
10.	Indian Overseas Bank	1

11. Oriental Bank of Comm. 3
12. Punjab & Sind Bank 2
13. Punjab National Bank 3
14. Syndicate Bank 1
15. UCO Bank 1
16. Union Bank of India 2
17. Vijaya Bank 3
Total 34